

PRESS CONFERENCE:

Admiral Greg Smith, Director of Communications, Deputy Spokesman, Multi-National Corps – Iraq

Phil Reeker, Officer Counselor for U.S. Embassy Baghdad

Andy Passan, Head of the Baghdad Provincial Reconstruction Team

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PARTICIPANTS:

ADMIRAL GREG SMITH

PHIL REEKER

ANDY PASSAN

REPORTERS:

AHMED JASSEM FROM AL-ARABIYA

REPORTERS 1-7

***REP1 = REPORTER 1**

***INT = INTERPRETER**

SMITH: Good afternoon. Let me first introduce myself. My name is Greg Smith. I'm the director of communications and deputy spokesman for Multi-National Force – Iraq. This is my first press brief, and I'm honored to be here with you to do. I'm joined by Mr. Phil Reeker, officer counselor for the U.S. Embassy Baghdad, and Mr. Andy Passan, the head of the Baghdad Provincial Reconstruction Team. I'd like to begin with a brief operational update, and then I'll turn to Mr. Reeker and Mr. Passan for their comments. Following that, I would be happy to take your questions. Coalition and Iraqi security forces continue to make progress against al-Qaida in Iraq and other criminal elements through the intelligence-driven operations, working with our partners in Iraqi security forces, and more and more with the direct support of Iraqi citizens. I'll touch more on that later in my remarks. Last month in Mosul, an AQI media cell was interdicted, resulting in the detention of four senior al-Qaida members and a propaganda cell members. Salam Ali Muhammed Ahmed was media emir for Mosul. Abu Heder was the previously media emir for Mosul. He helped establish Baghdad's media cell used by the various AQI emirs in Mosul as a communications hub to relay messages. Abu Sami is a foreign terrorist from Saudi Arabia, proficient in video editing software and special effects. He had also worked for Abu Usama al-Tunisi, who was killed by coalition forces this past September. And finally, Umar Tariq Muhammed Bilal, a junior member of this cell specializing in computer graphics. This chart depicts al-Qaida in Iraq's media structure, as well some of the leaders we've captured or killed since the surge began. The detainees described a media organization that has multiple media offices, each consisting of several media cells. Since the surge began, we have uncovered eight separate AQI media offices and cells, captured or killed 24 al-Qaida propaganda cell members, and discovered over 23 terabytes of information. We have learned a great deal from these detainees, information that has been corroborated by Khalid Mashadani, who prior to his capture in July, served as al-Qaida in Iraq's senior emir for media operations. Both Abu Hater and Abu Sami indicate that AQI propaganda efforts have been degraded in recent months. Most telling was a statement by Salam Ali Muhammed Ahmed who said, "There is almost nothing left of AQI." Finally, we assess that our efforts have reduced AQI's ability to spread propaganda using their media cell network by as much as 80%. The progress made against AQI and other criminal elements has led to decreased attacks against coalition and Iraqi security forces and Iraqi citizens. Attack levels are continuing the downward trend that began in June. The number of weekly attacks are at their lowest levels since February 2006. The number of IED attacks are down more than 60% in the four months since Operation Thunder began, reaching the lowest levels since January 2006. We are also seeing a decrease in casualties as the number of effective attacks fall. In September, less than one-third as many civilians died from enemy-initiated incidents compared to last December. And October is on track to continue this impressive decline.

Iraqi security forces' losses have decreased as well. But they continue to be more than twice the rate of coalition force losses, as they are increasingly becoming the target of AQI and other criminal elements. Despite this, fewer ISF personnel died in September than any month since May 2006, and ISF deaths are predicted to be even lower this month. Much of the progress being made can also be attributed to the Iraqi citizens actively participating in and taking responsibility for their own security. What began as the Anbar Awakening is now evolved in the formation of concerned local citizens groups present in almost every major neighborhood in Baghdad and throughout the provinces. Over 67,000 Iraqis have signed up as concerned local citizens to assist coalition forces and the government of Iraq in securing their neighborhoods. Over 17,000 of these individuals have volunteered to join the Iraqi security forces, which is the long-term goal of the CLC program. On Friday in Muqtadiyah, a concerned local citizen group interdicted a suicide bomber who was attempting to blow himself up at a populated area. The suicide bomber detonated as soon as the concerned local citizens entered the bomber's home, injuring one of the concerned citizens as well as a second insurgent. The concerned local citizens' willingness to act prevented the loss of innocent civilian lives, and we commend such efforts. It's not just the organized groups of concerned local citizens who are working to support peace in their neighborhoods. To date, on Tuesday in Sudah village a local citizen led coalition forces to one of the largest caches of explosively-formed penetrators we have found in Iraq. The find included more than 120 fully assembled explosively-formed penetrators, or EFPs, more than 150 copper disks, 600 pounds of C4 explosive, 100 mortar rounds, and over 30 107-mm rockets. Across Baghdad and other areas of Iraq imams are calling on Iraqis to condemn violence and unite in their efforts to rebuild Iraq. All want to see their country free from the violence brought upon by extremists and criminals. We particularly welcome Muqtada al-Sadr's pledge to honor his pledge of non-violence. Those who have honored his directive are helping to contribute to the stabilizing and security situation throughout Iraq. Unfortunately, some are not honoring that pledge. Yesterday in northwest Duqalis, coalition forces conducted an operation targeting a criminal splinter group leader, leading to his detention and that of fourteen other criminals. The group had been involved in weapon's procurement, kidnappings, and EFP attacks against coalition forces. Intelligence also indicates the group had ties to the Iranian intelligence network. We commend all those who honor al-Sadr's pledge for peace, and we'll work with them to provide security in their neighborhoods. However, criminal elements refusing to honor al-Sadr will be held accountable for their criminal actions. There has indeed been much progress, in both security and services, but there is still much work to be done. To tell you more about some of the great work that's ongoing at the Embassy and within the PRTs, I'll turn to my good friend Phil Reeker.

REEKER: Thanks very much Admiral. And ladies and gentlemen, it's a pleasure to be back here with you. It's about seven weeks now since Ambassador Crocker and Commanding General Petraeus gave their assessments to the Congress, both the House and the Senate of the United States in Washington. And many of you had an opportunity this week to meet with Ambassador Crocker. We did some media with Iraqi journalists and an opportunity with some of our international correspondents just to get his views on a variety of subjects. As he noted, he is looking at this time this week at the regional dimension of Iraq and its continued development. He's traveling in the region. Many of you may have seen his media engagements from Cairo yesterday. He'll be visiting other countries in the region on his way to the Ministerial in Istanbul November 2nd and 3rd. That is the expanded Neighbors' Conference, which will also be attended by Secretary of State Rice. As the Ambassador said this week, there are a lot of things we think that the neighbors in this region should take careful note of and that they should think about what happens in Iraq and its consequences for their own interests and their own security in the region. So those are the things that the Ambassador is discussing with friends in the region, urging more involvement in a positive way by the neighbors, certainly stepping up again their positive engagement with Iraq and Iraqis as appropriate and, of course, where it's appropriate also stepping down negative engagement. One of things that we've highlighted both in Washington and in this forum before is the important role played by our Provincial Reconstruction Teams. And as you know the PRTs are something that has an international and coalition component to them, whether it's the involvement of the Italians in the PRTs, the British leading another PRT. These are integrated multi-agency teams. It makes U.S. and coalition forces, military and civilians, and they have developed a series of programs to improve local governance, to restore essential services in the regions, to promote small business, generally to build confidence and reconciliation among Iraqis, looking for local solutions to local problems. Not only are these PRTs located and embedded in provincial areas in Iraq but of course here in Baghdad we have the Baghdad Provincial Reconstruction Team that focuses on issues right here in the capital city. And I'm very pleased to have joining us my colleague and friend Andy Passan, who is the head of the Baghdad PRT. And I'll turn it over to Andy to make some remarks about what they're doing.

PASSAN: Thanks Phil. Good afternoon everyone. Thank you for coming. My name's Andy Passan. I'm the leader of the Baghdad Provincial Reconstruction Team. I'm pleased to be here this afternoon to talk to you about our work. If you don't mind, I have some prepared remarks, and then I'd be happy to take some questions. Provincial Reconstruction Teams are an important aspect of coalition efforts to assist the Iraqi people in building an effective government that represents all portions of society.

There are currently thirty teams throughout the country, including fifteen embedded PRTs, EPRTs. These are embedded with brigades. Today I'd like to give you a short overview of what the Baghdad PRT is doing, our goals for the future, and then as I said, I'd be happy to answer any questions you may have. The Baghdad PRT is an inter-agency unit that helps to build legitimate government in Baghdad province, the most populous of Iraq's eighteen provinces and home to its capital city. We work with provincial, municipal and local institutions to develop a transparent and sustained capacity to govern. We support the rule of law and efforts to enhance security. We assist in the provision of essential services and promote economic and political development in a province with a population of more than seven million individuals. Our overall strategy is designed to bring the political communities of Baghdad closer to becoming full stakeholders in a sustainable, pluralistic democracy. These communities span the entire range of interests that make up metropolitan and rural Baghdad. We also promote the welfare of the people of Baghdad through economic capacity building and private sector development initiatives. We foster relationships between the budding private sector and government entities charged with serving them. The Baghdad PRT is different from other PRTs in several ways. For one thing, as the capital city, Baghdad is the seat of the national government, as well as home to an array of local government entities. There are also nine EPRTs throughout Baghdad province. We coordinate with them as they work in their assigned districts and neighborhoods. Finally, because we are close to the Embassy and MNF-I headquarters, it's easier for us to receive more organizational support than the other PRTs. This extra support is useful, because helping local governments succeed here in Baghdad is vitally important to the success of local government throughout the country as a whole. The Baghdad PRT consists of U.S. government employees and locally engaged staff. Our sections include governance, economic development, rule of law, operations, infrastructure, provincial program management and public diplomacy. The Baghdad PRT is composed of over a hundred personnel. I think now we're at 110. As with other PRTs, the leader, myself, is a State Department civilian, and my deputy is an Army officer. Our military civilian employees are fully integrated with each other. While a lot of physical bricks and mortar reconstruction is going on around Baghdad, what we are really here to do is to help build provincial and local government institutions that are effective, transparent, and responsive to the public. In the nineteen months since we've begun our operations, I'm proud of what we've been able to accomplish at the Baghdad PRT. Of course there's a lot more work that needs to be done, but we've been able to assist the provincial council in the difficult task of laying the groundwork for future successes. When we began our work, all of the various parts of the government were in place, but there was often little or no coordination between these parts. In some cases the provincial council

had questions about the legitimacy of other local government entities. And when it did, it had no idea how to work with these organizations. We've been able to work with the provincial council to build linkages both up and down so that the governance system can work as designed. We were able to sponsor a greatly improved dialogue between the provincial council and national government institutions. At the other end, through the PRDC process, we brought district councils into the budgeting process and significantly increased their participation in provincial council meetings. Our outreach program to develop working relationships at all level provincial government paid off soon after we began operations when the Baghdad PRT played a major role in resolving a long-standing provincial boycott of the coalition in July of 2006. We have supported the PC, the provincial council, in developing a long-range strategic plan for Baghdad. We also supported a four-year investment plan for the aminat. We've worked with our USAID colleagues in district governments to bring about a large expansion of microfinance by extending the reach of microfinance resources to additional Baghdad districts. Since the surge, there have been over 1,500 loans, valued at close to \$3 million. In addition to these microfinance institutions, we've supported local business development with a loan guarantee facility and more than 3,100 grants to small businesses worth nearly \$20 million. The PRT has further partnered with USAID in providing thousands of Iraqis every day with vocational training, long-term, and short-term jobs. Importantly for the quality of life in Baghdad, the USAID community stabilization program has engaged in service projects, including trash removal, school and road rehabilitation and public park construction, with 157 projects completed to date, and another 69 are underway. Another development is the work with a new INMA program focused on rehabilitating produce and livestock markets throughout the city. Our rule of law section has worked with legal institutions including, but not limited to, the courts, police, prisons, attorney groups, law schools, and women and human rights groups to build these groups' capacity to enhance the practice of and build respect for rule of law. We have actively engaged openly with these groups to assess their status to communicate such assessment to interested parties and to facilitate and coordinate assistance for these groups. We've completed assessments of the Baghdad criminal court system and facilitated continued legal education and the empowerment of Iraqi attorneys. We've also assisted in bringing about for the first time coordination between Iraq's attorneys' associations. We've supported local aid clinics and the establishment of a framework for the integration of criminal justice recordkeeping. Of particular importance to us has been our extensive work with the Iraq juvenile justice system, identifying and communicating significant problems plaguing the system and facilitating and coordinating assistance for the system from international organizations, the Embassy, and MNF-I resources. Much of our work has been through the juvenile justice coordinating committee that brings

together representatives from MNF-I, the Ministry of Interior, Ministry of Labor and Social Affairs, and Iraqi judges. The Baghdad PRT governance section works with Baghdad's political leadership, namely the governor of the province, the mayor of Baghdad city, the chairman of the Baghdad Provincial Council, their associated institutions, and a range of national ministry offices and officials to improve governing capacity to react to the many challenges in Baghdad city and in the province down to the district council level. The surge and Baghdad security plan have provided windows of opportunity. We've been able to achieve closer cooperation between our PRT and provincial and local officials on governance initiatives, essential services, and economic development. The PRT's governance section is supporting applications for quick reaction funds to promote civil society and NGO initiatives, which we plan to expand to provincial and local governance capacity-building initiatives. Better security has allowed us to engage key leaders willing to moderate and reconcile. We accompany the Baghdad provincial governor to several reconciliation meetings with tribal leaders, and continue to support these efforts. Insurgents pushed out of the city have begun to lose safe haven in the qa'das, which help promote the reconciliation movements currently gaining momentum. Perhaps most importantly, throughout this period the PRT has established key relationships with Baghdad stakeholders, both in and out of government. Our future goals in the future, we plan to continue to build upon these relationships and accelerate our successes. We will promote strong participation in provincial elections and assist in public education. We will continue to facilitate cooperation among local institutions and help promote cleaner lines of authority and responsibility. We plan to expand microfinance opportunities to rural communities throughout the province and encourage the growth of agribusiness through outreach with BCTs, Brigade Command Teams, local government, and implementing partners. We will build judicial capacity through court construction, enhanced security, and training of attorneys, police investigators, and judicial investigators. We will continue bringing judicial and police leadership together in Baghdad province to discuss systemic issues. We will provide further training to spokespersons, journalists, and media managers. Of course, we'll also continue to face the same obstacles we've faced all this time. Chief among these obstacles is the security challenge which limits how we interact with our Iraqi counterparts everyday. The overwhelming majority-controlled provincial institutions discourages true consensus building. This issue will hopefully be addressed in the future by a greater participation of all Iraqi citizens in the political process. Finally, there remains ambiguous governmental rules and procedures that continue to create confusion and misunderstandings. We hope to be helpful in ironing out many of these problems over the next year. And that completes a fairly broad-brush outline of what the Baghdad PRT is trying to do. I'd be happy to take any questions.

REP1: I wonder if you could all address...you talked about the concerned local citizens. If you could talk about the concerns or the worries among American officers and Iraqi officials that not enough of these concerned citizens are being absorbed into the Iraqi security forces. I was just down in Arab Jabour. They have about 800-900 concerned citizens, and they've been told that roughly 120 would be absorbed into the police. Are you concerned about that? How do you get around it? And if these people aren't absorbed into the ISF, do you plan on just continuing giving them a paycheck? I guess it's \$200-300 a month?

SMITH: Sure, a couple points. First of all, the concerned local citizen program is a temporary program. It's not meant to be a long-term initiative. It's really meant to be a bridging and transitioning of individuals who are interested in becoming permanent members of the Iraqi security force. But in the current ability of the Iraqis to bring those individuals into the training curriculums and then fully outfitting them allows them in the interim to participate in a neighborhood watch. Of the 67,000 currently in the CLC program, only around 17,000 actually want to augment to be permanent security forces. The government of Iraq is working with our commanders to identify those individuals, vet them through the process, and begin building the ability to train that number as part of the training curriculum. They are, in fact, building capacity to train month after month. And there is some good progress in that area. The transition will take time, and I think the Iraqi government's got a good plan to address in the long-term how they'll make that transition work. But in the near-term those citizens are operating with the brigade and local officials to support local neighborhood concerns. If they join the Army, clearly that's a national army, they'll be operating throughout Iraq. If they join their local police they'll stay in their same neighborhoods as a police official wearing their uniform. But again a transitioning program, not a long-term initiative, but a bridging function to get the security forces built up over time.

REP1: But is there concern that once they get over that bridge, what's on the other side? Will there be work for these folks once they get on the other side of that bridge? I mean that seems to be the worry of a lot of people around the country.

REEKER: I think it's something the Ambassador addressed when he met with some of you this week. Clearly the objective for the majority of these people is jobs. It's not to be in the security forces and nothing else. It's to have a job. I think what we've seen is broadly throughout Iraq, whether it's in Baghdad or the Baghdad province, or other provinces, people are saying we've had enough of this; we want to move forward with our lives. And that means jobs; it means economic development. These are the types of situations that have been faced in other transitional societies, and that's

what the government of Iraq needs to look at. It's what the government of Iraq's partners, including the United States, is looking at in terms of what can be done to help create jobs, not only absorbing into security services as Greg outlined, which is important, but in other sectors as well. And that will all be tied in intimately with Iraq's economic development, which of course is a crucial part of stability. So that is very much where PRTs, for instance, working with local authorities, are very much seized with issues of job creation. What kinds of projects can be developed? Where we can we channel our development funds, micro loans, etc., that create jobs and give average Iraqis an opportunity to provide for themselves and their families? That is the ultimate key to security and long-term success. And it's really what we in the GOI, government of Iraq, are focused on.

PASSAN: Admiral, may I? I think it's a very fair question. And we've been asking that question ourselves. It's not just the CLC program. There's also a USAID CSP, Community Stabilization Program, which provides jobs. But I think many of the participants want to do more than just pick up trash. It's not just Arab Jabour, it's Abu Ghraib, it's Ghazaliyah, it's throughout the city and the province. I'll only speak about Baghdad province. I won't speak about other areas. We've been talking about this for some time, and I think there's a lot of ways that real jobs can be created and not make work. People want the self-respect of real employment. But there's only so much we can do. And as Phil said, the government of Iraq has to step up and also recognize that its ministries can help support and create work. And the private sector can help and support work. At our PRT we have an entire economic section that works with the provincial government and local governments, along with our EPRT colleagues – the embedded PRTs – to look for employment opportunities where the private sector can step up, where you can have both small and medium, and up to large enterprises that will create jobs. We are in the process of supporting several state-owned enterprises that are coming back online. And we see that as a bridge to potential private sector investment and the creation of jobs, not just in the enterprise, but also upstream and downstream. Today at the PRT we had several officials talking about a wool SOE, state-owned enterprise. And it's more than the 200 people who work at the factory. It's the people who are going to produce the raw materials for the factory and then the weavers, wholesalers, and retailers in the markets who will sell the products. That's real jobs. The CLC program will go away. It's seen as a short-term program – three months and then renewable, I believe, for three months. And a lot of U.S. government money has gone into funding this. Not everyone who's in the CLC program will qualify, for example, for the Iraqi security forces, the police, or the army. And we're looking at ways that we can support them with real jobs that will give them the self-respect that they want.

REP2: Mr. Passan, you just said the government of Iraq has to step up and this is a limited window of opportunity. Particularly when it comes to economic development and governance. How would you characterize right now the level of cooperation and effectiveness of the Iraqi national ministries right now?

PASSAN: The PRT doesn't work directly with the ministries. The office in the Embassy is directly involved in ministerial capacity-development. But it's a fair question. We were talking the other day about the issue that this gentleman raised and how to help build capacity so that jobs can be created. And when I said the national government has to stand up and start taking on this role we were talking specifically of several ministries – the Ministry of Health, the Ministry of Education. Real jobs need to be created. You have several programs that, they're not dialing down, but they're funded by the U.S. government. And there needs to be a transition, "a bridge," of you will. And we look to the Iraqi government to take over. The surge has created a much more permissive security environment. We need to exploit the surge. We need to exploit the chance to go out and engage. Where Iraqi institutions can work more safely throughout the city and develop these opportunities. It won't be one answer. It won't be just one ministry or just the ministries. It will also be the private sector. In America we like to talk about how the private sector is the real engine for economic growth and development. And when we'll have a more normal economy here, we'll know that because the private sector will be generating the jobs, as it does in most countries around the world.

JASSEM: Asking question in Arabic.

INT: Ahmed Jassem from al-Arabiya magazine. A few days ago I went with a General Berg to al-Kamaliyah area, and he was really a courageous man. And he was covering his work and he was doing his job. An event for national reconciliation event in al-Taji. It is the entrance of Baghdad, northern Baghdad. Al-Qaida organizations was dealing out of this area and now there isn't any terrorists in this area. But the reconstruction and basis services are very weak in this area. The residents in the area told us to inform you, the leaders of reconstruction, about their problems. My question is to...a few days ago we went with our brothers to the airport. I mean the issue of detainees. We want you to provide opportunities to follow up the detainees in all the prisons. We discovered the detainees were really taken care of. We want to cover this good care by you to the detainees. We thank you for this good care. Thank you.

SMITH: Thank you. I think there's a question there. But really I think there is an opportunity to make certain that our transparency of operations of our detention facilities, as well as those in Iraq, occur and that you or the eyes of the public get a chance to see that. In fact I believe there is an

opportunity being made available in the next coming week or two by the head of our detention affairs to do just that, to bring you down and give you a good sense of what our programs are. The education programs that are occurring inside the detention facilities, the ability to basically reconstruct, if you will, an individual from a life of crime and turning them into a solid citizen. So that work is underway, and we'd be happy to show it to you. And we look forward to it.

PASSAN: You spoke about the reconciliation efforts in Taji. In mid-November the Deputy Prime Minister Dr. Barham Salih and Baghdad provincial officials will sit down at the next forum, the Baghdad Forum. And what we hope to see is renewed focus on services, not just in the city districts, the aminiya-served area, but also the rural qa'das. And it's for Iraqis to determine, the Iraqi government and the Iraqi provincial authorities, to determine what will come out of this Baghdad forum. But we hope to see emphasis throughout the entire province, which would include of course Taji. We wait to see what the focus will be. We are of course engaging with Dr. Barham Salih. I met with the governor and the PC chair just this week to discuss their priorities for the Baghdad Forum and what they see as coming out of it. It will be interesting to see if we see renewed emphasis on services to the qa'das as well. Thank you.

REP3: Now that there is some room to actually work on the economic issues and services for people, it seems that often funded projects from State Department or Congressional funds are being diverted, it's even hard for the journalists to get that kind of information. And obviously right now it would be in your interest to be as transparent as possible because it would also be setting an example for the Iraqi government. But where are you...where first of all can we always find that information? And then how are you going to help the Iraqi government? When you mentioned ministries, like Ministry of Health and Ministry of Finance, I think what comes most to our minds is not a ministry that's going to be able to ply jobs, unfortunately, but the lingering thoughts of the Ministry of Finance who was formerly the Ministry of Interior who started death squads, who now was running a ministry where five British nationals were kidnapped and are still missing. It would be lovely to say that you could move on and do this Herculean task. But it's just another indication of the raw wounds that still exist in all aspects of society. And how are you going to address that on the level of corruption? Or the level of this violence that has happened? The people in the government, of the Iraqi government, that are not clean, that are not moving forward. And when these U.S. funds run out, how do you expect for them to take this task on and continue if we know and can identify by them by name things that they've already done that are completely illegal, if not tragic?

REEKER: I think in his testimony Ambassador Crocker made quite clear the many challenges that lay ahead, the progress that we've seen, which he outlined, thanks to the surge and the security it has given us. But as he pointed out the line is positive but the slope is not steep. This is a long, hard task ahead, and it will have mixed results. And those mixed results are evident on the ground every day when we talk about ministerial capacity-building. I think the government of Iraq is one of the first to talk about the mixed picture across the board. Some ministries have been more successful than others. Corruption is an enormous problem in Iraq. It plagues Iraq as it has and does in many other countries around the world. It is something we are very focused on in the Embassy and in the U.S. government in terms of our efforts to work with the government of Iraq. And I think the government of Iraq itself has made some very forthcoming statements about corruption and the need to address that. It is one of the fundamental challenges, I think, for Iraq to succeed, other than the unchecked sectarian violence that had been so devastating to Iraq's stability. Corruption may be the next most important aspect of this. And so that underlines everything we do in terms of our programs. It's not something that's going to disappear overnight. It's something that has to be addressed long-term. And in terms of your earlier questions on information, to be in touch with us from the Embassy, we try as we can to extract from the many, many things that are going on involving so many different agencies in terms of assistance projects, in terms of the reconstruction. We've been trying to craft products that we can provide to you that illustrate, give you facts and figures on a fairly regular basis. And we'll continue to try to do that. There are a lot of websites available where that material gets posted. There are a lot of congressional briefings that have transcripts, for instance, where those things are discussed. And we are always welcome to take on board your areas of interest or specific questions and try to provide more information on that because there is a lot of very interesting stuff going on. Some projects are more successful than others. And that's why we're constantly recalibrating and making decisions on how we need to adjust what we are doing, whether it's in the individual PRTs or more broadly. And I think that goes for engagement with each and every one of the ministries throughout the Iraqi government.

REP4: Asking question in Arabic.

INT: Does this mean that the operation has failed? There was also an operation in Tharthar called Fardh al-Qanoon but this operation did not succeed to cut the support lines of al-Qaida in Tharthar. And the new operations in Tharthar these big operations are being carried out in these areas. Why this operation didn't come to an end? And for Mr. Passan, you talked about some procedures other than the security checks. What are these procedures?

PASSAN: We missed the first front half of that, so if you'd help out, John?

JOHN: So the Operation Torch that happened in Arab Jabour. And an officer who came and gave a press conference here said that it will be a cleaning up of the Arab Jabour area and finishing all the bad elements from the area. But two months after the operation has been over, we still see some bad elements roaming in the area. So what do you have to say about that, especially when the operation start so big and ended up always finding some insurgent and bad elements in the area?

SMITH: I think I'd just provide a general comment. Of course, I would ask you to work with MND Center to get more information. But in specific I think as we drive the al-Qaida further and further out of the cities and into the countryside, as we work the belts around Baghdad effectively over the last summer, we've seen al-Qaida now being displaced from its normal operating areas and becoming more and more off-center in terms of their operations. Those operations continue. I think there's no doubt that al-Qaida still has the capacity to generate force. We know we've got them displaced and on the run. But they're far from being out, as far as an enemy goes. They've got a chance to reconstitute if we don't continue the pressure, and that's why we are continuing that pressure in a place like Arab Jabour and elsewhere, to find out the remnants of al-Qaida and where they're operating at. And as concerned local citizens begin to step up, I think that's where you're finding some of these pockets that have gone identified earlier. As the confidence of local people grows, they are becoming more confident in turning over information to both Iraqi and coalition forces and identifying those that don't belong there. So it's a positive trend as I see it, in terms of finding those remnants of al-Qaida where they operate.

PASSAN: I'm not sure if I understand the question, but I'll speak to a couple of examples and maybe that will be responsive to your question. There's something called the JPC, the Joint Planning Commission. The Joint Planning Commission is something that I call the nuts and bolts of governance, of governing. I don't know if that translates well into Arabic. The JPC, the Joint Planning Commission, is chaired by senior Iraqi civil servant working out of the DPM's office, the Deputy Prime Minister's office. It's co-chaired by Major General Breley from core and by myself. And each week we meet to discuss district by district throughout the city districts the priorities for the delivery of services within those districts. In this past week we talked about Adhamiya. Next week we're going to talk about Mansur. This process started about a year ago, and it was...I wasn't here...but it was described to me as a meeting in which people who cared deeply about the reconstruction of Baghdad sat around a table and argued and discussed the priorities. And it was all American military officials. And slowly over the course of the last year, and starting around the time that President Bush announced the surge, the Iraqi government started stepping up and started coming to this, starting with the aminat, and

sending representatives from the aminat, the beladiyabs, and then the district councils. And now what you have is a process that's completely Iraqi-led. While you have a general there as a co-chair and myself as a co-chair, only Iraqis talk at these meetings. And you have the voice of the people, the district council and neighborhood council representatives, representing the people of the district, arguing and discussing and often very impassioned, in an impassioned way, about what their priorities are along with the people who provide the services, the beladiyah DGs, the aminat DGs. And this is governance at its most basic. Here you have the aminat, 14,000 employees, their representatives, explaining what's happening in the district. And district by district they talk about not only what's happening today but what are their priorities for tomorrow. That's one example of procedures that seem to work to me. A second example is something very exciting. Last week the provincial council chairman Mueen presented to the Ministry of Planning Baghdad's five-year PDS, Provincial Development Strategy. I think it's the fifth PDS that's been written, but it's the very first that's been presented to the Ministry of Planning and accepted by the Ministry of Planning for incorporation into the national development strategy. This is perhaps one level up from the JPC, because this is what we call "the vision thing." This is the vision for where the province will be during the next five years. And it ties directly to resources. I mentioned earlier this Baghdad Forum that's coming mid-November, and when I asked chairman Mueen what he saw as coming out of the Baghdad Forum, he said, "Well, I'd like to see the projects that are emphasized at the Baghdad Forum reflecting the priorities that the PDS has established." The PDS was written by Iraqis, by Sunni, by Shia, by district council, neighborhood council, provincial council, qa'da council, nahiya council representatives. USAID funded many of the conferences through our PRT – we facilitated it – and USAID's local governance program to bring together these representatives over the course of several months. And they sat there and they hammered out their priorities, including specific budget requests. And this is going to inform individual out year budgets, tying individual projects to a vision. I think that's what governance is all about. So again this is procedure that helps the people be involved in their government.

REP5: I want to ask about regarding this diplomatic draft that was just announced. Is this evidence at all that the PRTs are having trouble, the State Department's having trouble staffing the PRTs?

PASSAN: I think it's an interesting term, the reference that was made by the Director General of the Foreign Service and the State Department at the end of this past week regarding directed assignments in making sure that our staffing needs in Baghdad are met. By and large, as the Director General has made clear, and as the Secretary herself has noted on many occasions, our positions are staffed by those of us who have volunteered to come to Iraq,

whether it be at our embassy here in Baghdad or at the Provincial Reconstruction Teams throughout the country, or embedded with military brigades. This is the cutting line of U.S. foreign policy. This is as important as it gets in terms of our interests, and those of our friends and partners around the world. And so you have found a lot of people stepping up. That said, some positions have been identified where there are not specific volunteers at this time. And looking ahead to the summer of 2008, when those positions will come open again, the Foreign Service has moved to identify eligible candidates, i.e. those candidates who have the qualifications, the experience, be it language, be it specialized skills, to consider those jobs. And they will be approached as the memorandum said in the coming week or so. And it will be made known to them that they have been identified as somebody that may want to consider this. We'll see exactly what that leads to in terms of the staffing. The bottom line is the need and the assurance that the Secretary has made because of the priority that these positions will be staffed. I think we're on track for our PRT staffing as envisioned by the end of the calendar year. As you know, that's been a process to identify individuals, some of whom may be Foreign Service officers, other who are contractors or specialized people from other agencies besides the State Department, other departments of government that may bring a particular and unique skill set to the PRT. That's not always the fastest process, but I think we're moving ahead with that and then making sure those people have the appropriate training, clearances, and other steps that are necessary to bring them here and move ahead with those important jobs. So we're very much keeping on that and our embassy is robustly working on all of these various fronts in Baghdad and around Iraq.

REP6: For Mr. Passan, you talked a bit about spending State Department ERF, USAID money, grants, and loans and so forth. If you could focus on the Iraqi money, what's being spent, what's not being spent. I know back in January President talked about \$10 billion in capital projects that the Iraqis would spend this year. I was told that the Pentagon through July roughly \$3 billion of that \$10 billion was spent. Do you know how much has been spent to date and can you point to any particular projects in your area where they spent this capital money?

PASSAN: Well if there's \$7 billion left, I have a few projects that can be funded. It's a fair question. I can't speak about the whole Iraqi budget. My area is Baghdad. The JPC that I mentioned, each week when we meet with the district representatives and the amination representatives, we also have MND-B – Multi-National Division Baghdad – and the GRD – Gulf Region Division – representatives. And we go through three slides each week for that district. One is on MNDB-funded projects, one is on GRD-funded projects – or actually, they're ESF and PRDC-funded projects, that's U.S. government money – and then we have government of Iraq projects. And

the government of Iraq slide is always full of what one person today in our pre-meeting session called “measles,” which are little dots on the map showing us where all the projects are. And the GOI slide always has a tremendous amount of projects. And these range from electricity generation projects, electricity distribution network projects, sewage development projects, repairing lines that have been damaged, water projects, road paving, and beautification projects, schools. I think that’s most of the projects that are discussed, sometimes some health clinics as well. So Iraqi money is pouring into Baghdad to some degree. There’s also the question of budget execution. I think this has come up several times. Baghdad province has been remarkably successful at executing its budget. The province as you know gets money from the national government – all the provinces do. And they have to execute it, they have to spend the money. We were joking the other day that sometimes they do it better even than America. We’re on a supplemental from last year for the U.S. budget. Iraqi budget execution in Baghdad is working. They’re spending their money and they’re spending it well. I think it’s not uniform throughout the whole country. Some provinces are better than others. I don’t have the figures in front of me, nor do I know them off hand which provinces are the best. Baghdad’s one of the best. So money is flowing into Baghdad. Is it \$10 billion? I don’t know. Is there room for them to spend more money? Yes, absolutely. And one of the things that Dr. Barham Salih, the DPM, has been doing as he goes to these different provinces for their forums, it’s almost like the Iraqis have discovered the concept of supplemental funding because he comes in and more money is delivered from the national government to the provincial government to execute more projects.

SMITH: That was particularly evident at the Anbar forum, where you saw successful budget execution by the provincial government. You saw them actually go to the federal government and say, “we’ll take some more.” You saw the federal government going out to the province and saying, “What can we do for you?” “Well, how about some more money?” We are able to place this and execute that budget. And as we know from our federal system and others throughout the international community, that’s the key to a lot of this. So as Andy said, makes results obviously a ways to go. But I think we’re seeing that. And people both at the federal and provincial level in Iraq are getting the idea.

PASSAN: You had Anbar I and Anbar II. Now you’ve had the Babel province forum four weeks ago, five weeks ago, in which the national government, through the DPM, announced I think \$72 million in additional funds for the province for this year for ‘07. When we go to our provincial counterparts, our interlocutors in the provincial government, the governor, the PC chair, etc., we ask them what their priorities are. We want to try to help this process. It is an Iraqi led process, the forum. But we certainly, I

think, have a position to play in helping to make it as successful as possible. And we're very interested to see what kind of priorities will come out of it. And then the funding.

REP7:

Asking question in Arabic.

INT:

Yesterday I read an American report talking about \$58 million spent on an electronic system in Iraq. But the American commission discovered that the Iraqi officials are still using the ordinary paper system. Who's responsible for this big fund of money after this big money was spent? The Americans discovered that the Iraqis are still working according to the paper system.

PASSAN:

I think what you're referring to, and there was a variety of press report on this, and the special inspector general for Iraq reconstruction did a report on the financial management information system, FMIS, as it's known. We have looked at that in terms of some of the issues that arose at the Ministry of Finance in terms of the challenges there and refocused the FMIS system on the provinces to maintain and maximize the effectiveness even in light of some of the security issues that we had earlier this year. There is a very firm plan, and I think some of the reporting or the suggestion as how it was interpreted that the FMIS had somehow stopped working and no one had noticed that is not at all correct. It was not a system yet online for operations. We have reliable data on expenditures by ministries as well as commitments. And of course, one of the challenges, as the inspector general's report pointed out, is that expenditures or disbursements in Iraq lag behind commitments, just as they may in the United States and other places. We are working to train and help Iraqis improve access to government services for the people of Iraq. This is one project in that direction. And it's a system that was fully functional at the time that it needed to be suspended, with over 90% of national government revenues and expenditures being accounted for through that. So that's an ongoing process, obviously. And in January of 2008, just looking at my notes here, there'll be a demonstration of the system at the provincial level. It's going to start in mid-November but we expect roll out for testing at four selected provinces to take place in January of this coming year. So this is one component in our large effort to work on the much needed and comprehensive reform of the public sector, working with our Iraqi partners.

SMITH:

With that, I think we'll wrap up today's press conference. I do invite you to come back on Wednesday. We'll have a press briefing planned at the current time that'll discuss our work with the government of Iraq to help train the Iraqi police force. So we'll see you on Wednesday. Thank you very much.